

In Conversation: Charles Lusthaus

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Organizations review their performance on a regular basis. Its members may do it casually around a coffee machine or more formally for a year-end review. Self-assessment is a normal process because organizations are always trying to improve their performance, says Charles Lusthaus, co-author of [*Enhancing Organizational Performance: A Toolbox for Self-assessment*](#).

He adds that not-for-profit organizations have not been as systematic in their self-assessments as profit-making organizations. *Enhancing Organizational Performance* offers a step-by-step approach for identifying performance measures in real life situations and ways to overcome issues that may interfere with an organization's self-assessment.

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The evaluation of performance is relatively common in profit-making organizations, but less common in the not-for-profit sector. Why?

There is a standard that exists in private sector firms that does not exist in not-for-profit organizations: the yearly income and expense statement, or statement of profitability. The profit statement gives a basis for comparing how well you are doing, sometimes in comparison to other similar organizations. It gives you a number that allows those who have invested in your firm to see if you are doing okay or not.

In the not-for-profit world there is no such standard. As a result, the not-for-profit world pays much less attention to systematic ways of developing tools for self-assessment.

Your book says that resistance to self-assessment comes from many levels including senior management. Why?

This is an interesting paradox. Inside the for-profit world, senior managers are always under scrutiny because their profit pictures are visible. If they make money or if they don't make money, people know it.

There is not the same level of visibility in the not-for-profit world. From our experience, there are senior managers who like it this way. They like not having measures on the performance of their organization. As such, they resist attempts to assess their organization and how well the organization is doing, along with the development of performance variables.

Who should be on the team that will conduct the self-assessment?

The self-assessment team has to do work, so it is important to include people who have the time and resources to gather data and bring it together. On the other hand, you also need people who are in positions to open doorways and bring resources to the team.

In recent experience, we have set up both operational teams and strategic teams. A strategic team doesn't have the time for day-to-day digging, but they have access to resources and information. The operational team, which is doing the work, includes some spectrum of usually mid-range professionals, who represent different aspects of the organization.

What about volunteers, given that many not-for-profit organizations are dependent on volunteers?

If volunteers generate a large amount of the resources needed for an organization to do its work, they have to be part of the self-assessment.

Are there any special issues that international organizations face since employees or boards may be from different countries or cultures?

Diversity is always an issue. In different cultures, among different groups and individuals, there are different images of what the organization is, what it should be, and what it can be.

We once did some work in Southern Africa at a university. Ever since the birth of this university, the head of finance was always someone from Britain. When asked why, the university principal talked about the perception of how resources are allocated: when a person has responsibility for resources, there is a belief that he has to share those resources with his tribe. Those cultural perceptions are crucial to understand, as you go through organizational self-assessment.

But it also happens in Canada as well. We know from research that some people within an organization vie for resources, [seeing the organization] not as a cooperative system but as a conflictual system. When that happens, it has a dramatic impact on how self-assessments are done. When someone with that perception participates, they see self-assessment immediately as a way to grab resources or they block self-assessment because he or she may lose resources.

So the perception and the ideas people have about organizations dramatically govern how they approach organizations.

How should an organization perceive these self-assessment processes?

For me, these processes are normal and people should perceive these processes as normal. All we have tried to do is to find systematic ways for dealing with them.

It is normal to self-assess yourself, to critique yourself or to review yourself on how you are doing as a person, as a human being or as a professional. Organizational members do that all the time, they go to a coffee room and say how things are going. The issue is whether or not an organization can systematize it and use that information for improvement.